

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer **PETER E. McCLARAN / JANE H. McCLARAN**

Address **4895-A, Kikala Road, Kalaheo, Kauai, Hawaii 96741**

Project Name(*): **THE ALOHA ACRE CONDOMINIUM**

Address: **4895 & 4895-A Kikala Road, Kalaheo, Hawaii 96741**

Registration No. **4467 (conversion)**

Effective date: **August 22, 2000**

Expiration date: **September 22, 2001**

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)
 - FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
 - No prior reports have been issued.
 - This report supersedes all prior public reports.
 - This report must be read together with _____
 - SUPPLEMENTARY: This report updates information contained in the:
(pink)
 - Preliminary Public Report dated: _____
 - Final Public Report dated: _____
 - Supplementary Public Report dated: _____
- And
- Supersedes all prior public reports.
 - Must be read together with _____
 - This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892/0197/1098

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Report:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS OR OTHER STRUCTURES WHICH MAY BE BUILT UPON THE PROPERTY. THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, AND THERE IS NO ASSURANCE NOR LIKLIHOOD THAT THE PURCHASER WILL BE ABLE TO CONVERT ANY EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY REMODEL EXISTING STRUCTURES OR BUILD ANY OTHER TYPE OF STRUCTURE DESIRED, UPON THE PROPERTY.

1. This Public Report does NOT constitute an approval of the project by the REAL ESTATE COMMISSION or by any other public entity, nor does it assert or imply that all applicable Kauai County codes, ordinances and/or subdivision requirements have been complied with.
2. This is a CONDOMINIUM PROJECT, NOT A SUBDIVISION. It does NOT involve the sale of individual SUBDIVIDED LOTS. The dotted lines on the Condominium Map (Exhibit A) are for illustration purposes only. They merely represent the approximate location of the Limited Common Element assigned to each unit. The dotted lines should NOT be construed as property lines of legally subdivided lots.
3. All owners and users of the individual condominium units (apartments) are automatically members of the Association of Apartment Owners of the Project and are subject to the Bylaws of that Association, the Declaration of Condominium Property Regime, any House Rules and other existing or adopted Project Documents.
4. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REFERENCED IN THIS PUBLIC REPORT, AND TO CONTACT APPROPRIATE COUNTY AGENCIES FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer(s): PETER E. McCLARAN / JANE H. McCLARAN Phone: (808) 332-8076
Name* (Business)
Business Address 4895-A Kikala Road
Kalaheo, Hawaii 96741

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate Broker*: None Selected - Please see Page 20 Phone: _____
Name (Business)
Business Address _____

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 826-5300
Name (Business)
Business Address P.O. Box 449
Kilauea, Hawaii 96754

General Contractor*: None Phone: _____
Name (Business)
Business Address _____

Condominium Managing Agent*: None- self managed by the Association of Phone: _____
Name (Business)
Business Address Condominium Owners

Attorney for Developer: Peter C. Miller Phone: (808) 826-4606
Name (Business)
Business Address P.O. Box 1230
Hanalei, Hawaii 96714

* For Entities: Name of corporation, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2000-062139
Book _____ Page _____
 Filed- Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE ALOHA ACRE CONDOMINIUM, recorded as Document No. 2000-104263 on July 28, 2000.

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3118
 Filed- Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

AMENDED CONDOMINIUM MAP OF THE ALOHA ACRE CONDOMINIUM, Condominium Map No. 3118, recorded/ filed on July 28, 2000 as Document No. 2000-104263.

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2000-062140
Book _____ Page _____
 Filed- Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority of B/D</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

After entry of a contract for the sale of any Unit, and while the Developer still owns all Units, the Developer may from time to time, and without Buyer's consent, amend the Final Public Report, the Condominium Map, the Declaration of Condominium Property Regime, the Bylaws of the Association of Apartment Owners, the Condominium Escrow Agreement and/or the specimen condominium deed, provided that such amendments are either reasonably required to meet the dictates of law, any title insurance company, any institutional lender or any governmental or quasi-governmental agency, or such amendments, made prior to conveyance of the Unit to Buyer, do not substantially and materially impair the prospective use and enjoyment of the Unit, substantially and materially alter the arrangement of the rooms or reduce the usable space within the Unit or require a substantial material physical change of the Unit, or render unenforceable a loan commitment to Buyer, increase the common expenses of Buyer or reduce the obligations of Seller for common expenses on an unsold Unit. This reservation of rights is contained in the Special Terms Addendum "A" to the specimen sales contract.

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 4895 & 4895-A Kikala Road, Kalaheo, Hawaii 96741 Tax Map Key (TMK): (4) 2-4-05:136

Address TMK is expected to change because Individual numbers will be assigned to the units created

Land Area: 43,562 square feet acre(s) Zoning: Agriculture

Fee Owner: PETER E. McCLARAN / JANE H. McCLARAN, husband and wife
 Name _____
 Address 4895-A Kikala Road
Kalaheo, Hawaii 96741

Lessor: N/A
 Name _____
 Address _____

C. **Buildings and Other Improvements:**

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion

2. Number of Buildings: 3 Floors Per Building Unit A: 2 Unit B:1

Exhibit B contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. **Uses Permitted by Zoning:**

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Pets: Reasonable keeping of domestic pets is permitted
- Number of Occupants: _____
- Other: An owner must engage in agricultural activity. The uses on the limited common elements shall be limited to those listed as permissible within the Agricultural Land classification.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit A: 1 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf) *</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
Unit A	1	3/2	733	498	
Unit B	1	2/2	1,010	881	
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit A (Condominium Map). The approximate net floor areas of each unit as set forth above is measured from the interior surface of the unit perimeter walls and includes all of the walls and partitions within the perimeter walls.

Permitted Alterations to Apartments:

As allowed by the Kauai County zoning ordinances, the Declaration and the recorded covenants, conditions and restrictions upon each permanent improvement. An amendment to the Declaration of Condominium Property Regime and the Condominium Map (Exhibit A) by the Association of Unit Owners will be required in order to disclose actual improvements as a matter of public record.

7. Parking Stalls:

Total Parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>2</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>4</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>4</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
Date

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years): Developer makes no representations or warranties as to the expected useful lives of those components and installations. Developer, based upon report of architectural inspection, states that those elements are in be in normal, satisfactory, and workable condition

11. **Conformance to Present Zoning Code**

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. **Conforming/Non-Conforming Uses, Structures, Lot**

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interests:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit C

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit C

as follows: **The land areas of the limited common areas set aside for the respective Units is as shown on the Condominium Map, which is Exhibit A hereto.**

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit D

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit E describes the encumbrances against the title contained in the title report dated July 20, 2000

and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	The liens of the mortgages will be removed from title prior to the conveyance of a unit to a buyer. Alternatively, a buyer may assume a portion of either or both of the obligations, secured only by the unit the buyer is purchasing. In such latter event, payment on any portion of the obligation so assumed must be current at the time it is transferred to the buyer. If either or both of the liens are foreclosed prior to conveyance of the unit, the transaction will be canceled and Buyer's money shall be refunded, less escrow cancellation fee.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

NONE

2. Appliances:

NONE

G. Status of Construction and Date of Completion or Estimated Date of Completion:

Construction of Unit A is believed to have been completed in or shortly after 1988. The permits and records at the County of Kauai Building Division of the Department of Public Works relating to this structure, according to the staff, were lost in Hurricane Iniki.

The residence on Unit B was completed August 15, 1995. The "warehouse" on Unit B was completed January 12, 2000.

H. Project Phases:

The developer [] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- Other: _____

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit **F** contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None
- Gas
- Water
- Other _____
- Electricity (_____ Common Elements only _____ Common Elements & Apartments)
- Sewer
- Television Cable

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated July 19, 2000
Exhibit H contains a summary of the pertinent provisions of the escrow agreement.
- Other Specimen Apartment Deed

B. Buyers Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other **Farm Dwelling Agreement; Road Widening Reserve Agreement**

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashiers Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4467 filed with the Real Estate Commission on July 25, 2000

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

1. The Developer has not selected a real estate broker for the sale of units in the Project. In the event the Developer chooses to use a real estate broker for the sale of an apartment, then prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser, together with a copy of this Final Public Report.
2. Easement "A", located adjacent to the northerly property line of the Project real property is reserved by the Declaration for the sole use and benefit of Unit A. All obligations relating to the use of that easement are the responsibility of Unit A, which is obligated to indemnify, defend and hold harmless Unit B from the results of any use of that easement.
3. Residential Dwellings within State Land Use Agricultural District: Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Kauai County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling Notice reads as follows:

FARM DWELLING NOTICE

To: Applicants for Building Permits on Land in State Land Use Agricultural District.

This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

Farm Dwelling is defined in Chapter 205-4.5(a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000.00. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000.00 for any additional violation.

*I acknowledge that I have read the above
and have been given a copy*

Signature of Applicant

Signature of Witness

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

PETER E. McCLARAN and JANE H. McCLARAN, husband and wife
Printed Name of Developer

By Peter E. McClaran Jane H. McClaran Aug 14, 2000
Duly Authorized Signatory* Date

PETER E. McCLARAN and JANE H. McCLARAN, husband and wife, Owners/Developers
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai

**Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.*

EXHIBIT B

DESCRIPTION OF BUILDINGS

Unit A apartment is a single, existing, two story, three bedroom, two bathroom, wood frame, cedar siding, single family dwelling with attached single story two car garage, and consisting of approximately 1,271 total square feet of enclosed space, including 498 square feet of garage.

Unit B apartment consists of two existing buildings. One building is an existing single story, two bedroom, two bathroom, single family dwelling of approximately 1,010 square feet of enclosed living and utility space plus a 81 square foot lanai and has an asphalt shingle roof. The second building is a detached 800 square foot single story wood structure combining 360 square feet of enclosed storage with carport for two vehicles (shown as "warehouse" on the Condominium Map), having a corrugated metal roof. Both structures have T-1-11 plywood siding.

EXHIBIT C

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (1) All of the land in fee simple;
- (2) All commonly used present and future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water; sewage, irrigation, cable and telephone;
- (3) Any and all areas or facilities designated on the Condominium Map for common use of the units; and
- (4) Any and all other future elements and facilities for common use or reasonably necessary to or useful to the existence, upkeep and safety of the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, herein referred to as the "limited common elements", are hereby designated and set aside for the exclusive use of one or more apartments, and such apartment(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

- (1) The immediate land area around and upon which each apartment is located, the boundaries of which are as so shown and designated on the Condominium Map and the table below, said land area being deemed a limited common element appurtenant to and for the exclusive use of that respective apartment.

Apartment No.	Area of Limited Common Element*
A	23,437 square feet
B	20,125 square feet

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement shall be borne solely by the owner of the apartment to which said limited common elements are appurtenant.

* Land areas referenced herein are not legally subdivided lots.

**DISCLOSURE ABSTRACT STATEMENT (§ 514A-61)
FOR
THE ALOHA ACRE CONDOMINIUM PROJECT**

Pursuant to Hawaii Revised Statutes, Section 514A-61, the Developer of THE ALOHA ACRE CONDOMINIUM PROJECT LOT, located at 4895 and 4895-A Kikala Road, Kalaheo, Kauai, Hawaii 96741, makes the following disclosures:

1. The Developer of the project is PETER E. McCLARAN and JANE H. McCLARAN, husband and wife, who reside at 4895-A, Kikala Road, Kalaheo, Hawaii 96741, telephone number 1 (808) 332-8076.
2. See Exhibit F for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.
3. No warranties are made regarding any individual apartments or common elements. Nor are warranties of any kind made with regard to the pre-existing structures on the project property.
4. The two existing agricultural units are being converted to condominium form. Residential use shall continue to be permitted, but hotel use shall not. No additional units are being created.
5. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance.
6. Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are two units, each of which sustains a residential structure and each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 50% for each unit.
7. The Developer states that, to the best of their knowledge and based upon a report prepared by an independent Hawaii registered architect, the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium units is normal, satisfactory and workable. However, no statement or representation is made by the declarants as to any expected useful life of any of such components or installations.
8. There are no outstanding notices of uncured violations of building code or other municipal regulations. The project has no structures or uses which do not conform to the present zoning requirements of such structures, uses or underlying real property.

Dated: August 14, 2000



PETER E. McCLARAN & JANE H. McCLARAN, Developer

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract Statement with Exhibit F this _____ day of _____, 20____.

Purchaser(s)

EXHIBIT D

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Apt. No.	Area of Ltd. Common Area (sq.ft.)	No. of Bdrm/Bath	Approx. Net Living Area (sq. ft.)	Approx. Total Enclosed Area (sq. ft.)	Percentage of Common Interest
1	A	23,437	3/2	773	1,271	50%
1	B	20,125	2/2	1,010	1,370	50%

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration, each unit owner may use his/her unit and alter or add to it in any manner he/she deems desirable, so long as it is permitted by law. If the adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by executing and filing an appropriated amendment to the Condominium Map and the Declaration of Condominium Property Regime.

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Setback 8 feet wide for road widening purposes along Kikala Road as shown on survey map dated July 25, 1978 prepared by Cesar C. Portugal, Registered Land Surveyor, also shown on the Condominium Map.
4. The terms and provisions, including the failure to comply with any covenants, easements and reservations as contained in the Farm Dwelling Agreement between ROBERT EMRICK and MADELEINE EMRICK, husband and wife, and the COUNTY OF KAUAI, dated February 9, 1988, recorded in Liber 21650 at Page 275 of the Bureau of Conveyances of the State of Hawaii; which Farm Dwelling Agreement was subordinated to the lien of the Mortgage described below in Item No. 8 by Subordination Agreement dated May 21, 1999, recorded as Document No. 99-087611 in the Bureau of Conveyances of the State of Hawaii. The Farm Dwelling Agreement, very briefly characterized, provides that the dwelling permitted to be constructed on the subject parcel be, and remain as long as that parcel is classified Agriculture by the State Land Use Commission, a "farm dwelling" within the definition of that term in Chapter 205 of Hawaii Revised Statutes, that it be occupied only by a "family" as also defined therein, that the County of Kauai Planning Department has the right of entry to inspect the premises for said compliance, and recites the substantial statutory penalties for failure to comply, which may include a fine of not more than \$5,000 and possible removal of the structure at the owner's expense.
5. Grant of Easement dated October 12, 1993, recorded as Document 93-171021 in the Bureau of Conveyances of the State of Hawaii granting a perpetual, appurtenant, non-exclusive easement for ingress, egress and utilities to the property that is the subject of The Aloha Acre Condominium Property Regime over, under and across a 4,981 square foot area, more or less, of property adjoining the subject property on its northern border. The Grant of Easement contains certain obligation of the grantee for maintenance of the improvements placed by grantee in the easement, limits the grantor's liability for acts or omissions of the grantee within the easement premises, and requires the grantee to indemnify and hold grantor harmless therefor and to carry general liability insurance covering the easement premises.
6. Road Widening Reserve Agreement dated December 3, 1993 between PETER E. McCLARAN and wife JANE H. McCLARAN and the COUNTY OF KAUAI Planning Department recorded as Document No. 94-006235 in the Bureau of Conveyances of the State of Hawaii wherein a 13 foot wide westerly portion of the subject property adjacent to Kikala Road is reserved for future widening of Kikala Street. While remaining part of the subject property, as a covenant running with the land, the 13 foot wide portion is required to be kept free of construction of buildings thereon, and any new buildings/structures on the subject property are to be setback from the said reserve as provided by law.
7. Mortgage in the amount of \$155,000, from PETER E. McCLARAN and JANE H. McCLARAN, husband and wife, as Mortgagor, in favor of NORWEST MORTGAGE OF HAWAII,

LLC., which is organized and existing under the laws of the State of Delaware, as Mortgagee, dated January 11, 1999, and recorded as Document No. 99-008195 in the Bureau of Conveyances of the State of Hawaii. The Mortgage was assigned to NORWEST MORTGAGE, INC., a California corporation, dated January 11, 1999, recorded as Document No. 99-010743.

(This mortgage will be released or divided into non-blanket mortgages prior to the conveyance of any condominium unit.)

8. Mortgage in the amount of \$115,000 securing a revolving Line of Credit Agreement, from PETER E. McCLARAN and JANE H. McCLARAN, husband and wife, as Mortgagor, in favor of BANK OF HAWAII, a Hawaii corporation, as Mortgagee, dated May 26, 1999, and recorded as Document No. 99-087610 in the Bureau of Conveyances of the State of Hawaii.

(This mortgage will be released or divided into non-blanket mortgages prior to the conveyance of any condominium unit.)

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Declaration of Condominium Property Regime for "The Aloha Acre" Condominium project dated May 20, 2000, recorded as Document No. 2000-082139 and noted therein Condominium Map 3118 to which reference is hereby made, as amended by First Amendment to Declaration of Condominium Property Regime of the Aloha Acre Condominium project dated July 19, 2000, recorded as Document No. 2000-104263, and any subsequent amendments thereto.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners of the Aloha Acre Condominium dated May 20, 2000, recorded as Document No. 2000-082140, to which reference is hereby made, and any amendments thereto.

End of Exhibit E

EXHIBIT **F**

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Unit A	\$20.00 x 12	\$240.00
Unit B	\$20.00 x 12	\$240.00

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

(#) In the event that none of the structures comprising the improvements portion of the Project contain more than one apartment, but rather each of the individual units of the Project is comprised of a separate detached agricultural or single family dwelling set back within the boundaries of its own limited common element, the Association may, at its option, and subject to the requirements of law, elect to exempt the Project from Section XIV of the Declaration and allow individual unit owners to provide for their own casualty and liability insurance; PROVIDED, HOWEVER, that any such decision to allow individual unit owners to insure themselves must be by unanimous agreement of all the unit owners of the Project. In the event, payment of any premiums pursuant hereto shall not be a common expense, but shall be the responsibility of each individual unit owner and neither the Association nor the other unit owners shall be responsible therefore. The Association shall, however, be named as an "additional insured" in all such policies.

Maintenance, Repairs and Supplies

- Building
- Grounds
- Roadway Maintenance

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance (#) **\$40.00 x 12** **\$480.00**

Reserves (*)

Taxes and Government Assessments

Audit Fees

Other

(*) DEVELOPER DISCLOSES THAT NO RESERVE STUDY WAS DONE IN ACCORDANCE WITH CHAPTER 514A-83.6, HRS, AND NO REPLACEMENT RESERVE RULES, SUBCHAPTER 6, TITLE 16, CHAPTER 106 HAWAII ADMINISTRATIVE RULES, AS AMENDED.

TOTAL **\$40.00 x 12** **\$480.00**

I, PETER E. McCLARAN, as agent for/and/or employed by Owner / Developer, the condominium managing agent/developer for the THE ALOHA ACRE CONDOMINIUM condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Peter E. McClaran Peter E. McClaran
Signature

8/14/02
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT G

SUMMARY OF SALES CONTRACT

Each sales contract ("Contract" herein) for a Unit in THE ALOHA ACRE CONDOMINIUM project (the "Project") will be on a Hawaii Association of Realtors standard printed form of Deposit Receipt Offer and Acceptance (DROA), into which a Special Terms Addendum "A" is incorporated. The Contract will contain, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized here):

1. The total purchase price and the timing and method of payment of it to the escrow agent, subject to other terms in the Contract. A buyer must obtain his/her own financing.
2. The additional costs and expenses not included in the purchase price to be paid respectively by Buyer and Seller relative to the purchase and sale of the Unit.
3. That all deposits and payments of Buyer shall be delivered to escrow and disbursed in accordance with the Condominium Escrow Agreement and the Buyer is subject to all of the terms of that agreement. Entitlement to any interest accruing on the deposits shall be subject to the terms of the DROA and the Condominium Escrow Agreement.
4. Whether, at the time of execution of the Contract, an effective date for a Final Public Report has been issued. If not, then the contract is merely a reservation agreement and may be cancelled at any time by either the Buyer or Seller and no deposit shall be accepted on behalf of the Seller.
5. The terms and conditions of the sale which include, among other provisions, the following:
 - (a) That buyer receive copies of the Final Public Report for the Condominium Property Regime, the Condominium Map, the Declaration of Condominium Property Regime, Bylaws of the Association of Apartment Owners, the form of Apartment Deed, and the Condominium Escrow Agreement and be given a stated period of time to read those documents; it shall be required that Buyer acknowledge that he/she has had such opportunity and accepts those documents.
 - (b) Risk of loss to the apartment and percentage interest in the common elements will be borne by Seller until the date of closing as defined in the Contract. Buyer will not be entitled to possession of the apartment until the date of closing.
 - (c) Until the Apartment Deed conveying title is delivered to Buyer, the Seller may exercise all of the powers of the Association and of the Buyer as a member thereof.
 - (d) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common

elements or those amenities of the Project available for the Buyer's use, subject to waiver by the Buyer pursuant to the terms set forth in the Contract and Hawaii Revised Statutes Section 514A-63.

(e) The closing date for the purchase. Time shall be of the essence of the obligations of Buyer under the Contract.

(f) The payment of commissions, if any.

(g) Acknowledgement by Buyer that neither the Seller nor any of its representatives have made any representations as to the rental income or profit to be derived from the Unit.

(h) Acknowledgement by Buyer that Sell makes no warranties of any kind regarding the Unit, the Project or any improvement, appliance or furnishing related thereto.

(i) The Contract shall not be construed as a present transfer of any interest in the Property, but it is instead an agreement to transfer in the future, contingent upon issuance of an effective date by the Real Estate Commission of a Final Public Report for the Project.

(j) In the event of default under the Contract by Buyer:

- (i) Seller may bring an action against Buyer for breach of contract'
- (ii) Seller may retain Buyer's deposit(s)'
- (iii) Buyer shall be responsible for expenses incurred.

(k) In the event of default under the Contract by Seller:

- (i) Buyer may bring an action against Seller for breach of contract;
- (ii) Buyer may bring an action compelling Seller to perform under the Contract;
- (iii) Seller shall be responsible for expenses incurred.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL TERMS AND/OR PROVISIONS TO BE CONTAINED IN THE CONTRACT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE BUYER'S RIGHTS AND OBLIGATIONS, THE BUYER MUST REFER TO THE SALES CONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THAT CONTRACT, THE CONTRACT WILL CONTROL, NOT THIS SUMMARY.

End of Exhibit G

EXHIBIT H

SUMMARY OF ESCROW AGREEMENT

The Condominium Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. a Hawaii Corporation (the "Escrow"), and Owner / Developer of THE ALOHA ACRE CONDOMINIUM project, (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will deliver an executed copy of the sales contract to Escrow. Seller will require that all payments due under the sales contract on account of the purchase price be made to Escrow to be held and disbursed pursuant to the Agreement and Chapter 514A of Hawaii Revised Statutes.

2. Escrow will, within a reasonable time of receipt, deposit all funds in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in Hawaii, with interest to be paid as specified in the sales contract, and if not so specified, then as described in Paragraph 2 of the Agreement.

3. No disbursement of funds held under the Agreement shall be made, except by way of refunds, until an effective date for a Final Public Report has been issued by the Real Estate Commission and the potential Buyer has acknowledged, or is deemed as having acknowledged, receipt of a copy of the Final Public Report and Seller or Seller's attorney have delivered a written opinion to Escrow that the sales contract has become effective and that certain other legalities discussed in Paragraph 3 of the Agreement have been met.

4. Paragraph 4 of the Agreement describes the return by Escrow of funds to the Buyer under various circumstances of failed contingencies, rescission, cancellation and other failures of the purchase to conclude. It includes discussion of the circumstances when interest, cancellation fees and reimbursement of certain expenses may also be payable to the Buyer.

5. The Agreement describes the duties of Escrow to notify purchasers when funds are to be returned to them and what occurs when those funds are not claimed.

6. Escrow will be responsible to promptly and diligently arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract and shall act with diligence and dispatch, to perform all necessary and customary escrow functions to close the sale pursuant to the terms and conditions set forth in the sales contracts. Escrow will see to the transfer of title to the Buyer and the disbursement of the sales proceeds to Seller, and the recording and delivery of the appropriate conveyancing, loan, release and other transaction documents. Provision is made in Paragraph 8 for dealing with any defects in documents.

7. Developer shall give written notice to Buyer with a copy to Escrow of payments due under the sales contract. Escrow will collect payment due from Buyer as specified by Developer. Escrow will notify Seller of any default in such payment by Buyer or if Buyer fails to

perform in any matter that is being handled by Escrow, and if Seller certifies in writing to Escrow that Seller has terminated the sales contract in accordance with the terms thereof, and supplies Escrow with copies of the notices of termination, then Escrow shall thereafter treat all funds of the Buyer paid on account of the sales contract as funds of the Seller and not of the Buyer and shall hold them for the account of the Seller, free of the escrow. Upon written request of Seller, Escrow will pay such sums to Seller, less any escrow cancellation fee. Any partially executed conveyance documents held by Escrow shall be returned to Seller. Escrow shall hold all other documents theretofore delivered to Escrow for the statutory period.

8. Escrow, in carrying out its responsibilities under the Agreement, is provided several important protections and limitations to its liability. Escrow is not required to resolve any disputes and may instead await settlement or remove itself by depositing monies held by it into court. Seller and Buyer are required to indemnify and hold Escrow harmless from costs, damages and liabilities of all sorts incurred by Escrow for any act of Escrow that is not generally accepted as a reasonable business practice in the Honolulu business community.

9. Escrow's compensation for performance as escrow holder hereunder and for issuing title insurance shall be according to its scheduled rates plus applicable excise tax. In addition, Escrow will charge Buyer a fee of \$100 for each mortgage obtained by Buyer if it is not from a lender designated by Seller. Escrow will also charge a cancellation fee commensurate with its services, but not less than \$25 plus all costs incurred by Escrow, as well as a fee for changing documents previously approved.

SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT, WHICH IS FAR MORE COMPREHENSIVE AND DETAILED THAN THIS SUMMARY. WHILE ONE CAN USE THIS SUMMARY AS A VERY GENERAL SUMMARY OF SOME KEY TERMS OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

End of Exhibit H